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ABSTRACT

Wages and salaries are influenced by many factors, including the employer's perception of the productivity and the availability of workers with different levels of education. They are also affected by economic conditions in the industries that typically employ workers with different levels of education. The ratio of annual earnings of high school dropouts or college graduates to those of high school graduates is affected by all of these factors. Some highlights of the education/earning statistics from the Current Population Survey include the following: (1) in 1992, the median annual earnings of whites who had not completed high school were about 75 percent of the earnings of whites who had completed high school, and the earnings ratio between black graduates and dropouts was about 67 percent; (2) since 1970, the earnings advantage of college graduates was generally greater for females than for males--that is, the percentage of difference between earnings of college graduates and high school graduates was greater for females than for males; (3) the earnings advantage of completing college increased between 1974 and 1992 for males and females, both white and black; (4) the earnings advantage of having a bachelor's degree was more than double the earnings advantage of having attended only some college in 1992; and (5) the earnings of white male college graduates were approximately 150 percent that of white high male high school graduates in 1992, whereas the earnings of black male college graduates were about 180 percent that of black male high school graduates in 1992. (KC)

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INDICATOR of the MONTH

NATIONAL CENTER FOR EDUCATION STATISTICS

April 1995

Annual earnings of young adults

ED 381 685

Wages and salaries are influenced by many factors, including the employer's perception of the productivity and the availability of workers with different levels of education. They are also affected by economic conditions in the industries that typically employ workers with different levels of education. Annual earnings are influenced by the number of weeks worked in a year and the usual hours worked each week. The ratio of annual earnings of high school dropouts or college graduates to those of high school graduates is affected by all these factors; it is a measure of the earnings disadvantage of not finishing high school and the advantage of completing college.

- **In 1992, the median annual earnings of whites, both male and female, who had not completed high school were about 75 percent of the earnings of whites who had completed high school. The earnings ratio between black graduates and dropouts was about 67 percent.**
- **Since 1970, the earnings advantage of college graduates was generally greater for females than for males; that is, the percentage difference between earnings of college graduates and high school graduates was greater for females than for males.**
- **The earnings advantage of completing college increased between 1974 and 1992 for males and females, both white and black.**
- **The earnings advantage of having a bachelor's degree was more than double the earnings advantage of having attended only some college in 1992. For example, among white female workers 25–34 years old, the earnings of college graduates were 94 percent greater than those of high school graduates, and the earnings of those with some college were 32 percent greater than those of high school graduates.**

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Ratio of median annual earnings of wage and salary workers 25 to 34 years old with 9–11 and 16 or more years of school to those with 12 years of school, by sex and race/ethnicity: Selected years 1970–92

	9–11 years of school				16 or more years of school			
	Male		Female		Male		Female	
Year	White	Black	White	Black	White	Black	White	Black
1970	0.87	0.78	0.60	0.52	1.21	(!)	1.81	2.08
1972	0.85	0.75	0.56	0.79	1.16	1.43	1.74	2.03
1974	0.85	0.75	0.60	0.62	1.14	1.11	1.77	1.69
1976	0.80	0.80	0.57	0.58	1.16	1.47	1.61	1.59
1978	0.79	0.74	0.56	0.48	1.13	1.46	1.58	1.39
1980	0.77	0.76	0.61	0.72	1.16	1.35	1.50	1.64
1982	0.72	0.77	0.64	0.69	1.30	1.51	1.63	1.65
1984	0.62	0.65	0.57	0.53	1.30	1.64	1.61	1.69
1986	0.69	0.87	0.62	0.78	1.43	1.69	1.75	1.96
1987	0.74	0.86	0.72	0.55	1.43	1.49	1.74	1.92
1988	0.73	0.56	0.51	0.62	1.42	1.37	1.78	1.93
1989	0.74	0.61	0.64	0.50	1.44	1.41	1.89	2.05
1990	0.73	0.72	0.56	0.44	1.42	1.66	1.89	2.09
1991	0.70	0.68	0.62	0.56	1.46	1.53	1.88	1.97
1992[2]	0.73	0.65	0.77	0.68	1.55	1.83	1.94	2.13

[1]Too few sample observations for a reliable estimate.

[2]Beginning in 1992, the Current Population Survey changed the questions used to obtain the educational attainment of respondents.

NOTE: This ratio is most usefully compared to 1.0. For example, the ratio of 1.55 in 1992 for white males with 16 or more years of school means that they earned 55 percent more than white males with 12 years of school. The ratio of .65 in 1992 for black males with 9–11 years of school means that they earned 35 percent less than black males with 12 years of school.

SOURCE: U.S. Department of Commerce, Bureau of the Census, March Current Population Surveys.

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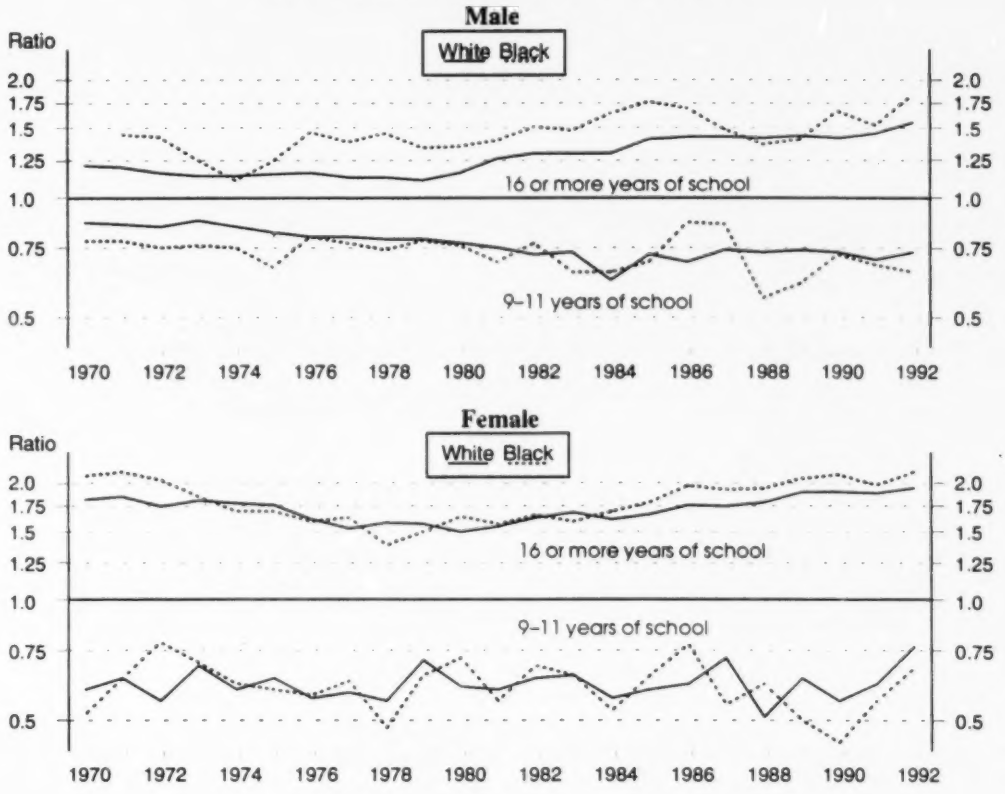

NOTE: One (1.0) on the scale represents earnings equal to those with 12 years of school; 2.0 represents double their earnings. 0.5 represents half their earnings. The scale on the graph makes the distance between 1.0 and 2.0, or doubling, the same as between 1.0 and 0.5 or halving.

SOURCE: U.S. Department of Commerce, Bureau of the Census, March Current Population Surveys.

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